**QUESTIONS AND CONCERNS:**
DORAL ACADEMY OF TEXAS CHARTER APPLICATION IN HAYS COUNTY
September 5, 2020

**Overview: Doral Academy,** a Florida-based charter chain, has submitted a charter application to the TEA to open a new charter school in Hays County called Doral Academy of Texas with two campuses serving grades PreK4 – 8 and enrollment of 1,722 students at capacity. The two campuses will be located in Buda and Kyle and draw students from Hays, San Marcos, Lockhart, and Wimberley ISDs. This application is Doral’s 2nd try to open a charter school in Texas. Doral Academy currently operates 12 schools: Florida (6), Nevada (5), and Colorado (1) with total enrollment of about 12,000 students.

**Revenue loss for public school districts:** At a minimum, Hays County public schools will lose an estimate of up to **$14 million** in revenue annually once Doral is at maximum enrollment capacity. Over the first ten years, Hays County districts would lose an estimate of up to **$100 million** in revenue (*based on average estimated per student revenue loss*).

**Fiscal cost to the state:** Because the charter funding advantage gives a charter school a $1,370 per-student higher entitlement than Hays CISD, Doral Academy of Texas will cost the state an additional **$4,564,196**in its first five years and **$15,534,197** in its first ten years over the cost of enrollment of the same students in Hays CISD.

**State tax dollars sent to an out-of-state CMO.** In addition, Doral Texas will pay a total of **$10.4 million** over the next ten years in charter management company (CMO) fees both to the for-profit Florida-based Academica and its affiliate Academica Southwest (at $750 per student for CMO services) and to Florida-based Doral Academy Inc. (1 percent of per-pupil funding for “the use, reproduction and display of Doral Academy, Inc. trademarks”).

**QUESTIONS AND CONCERNS****A complicated charter management arrangement with a for-profit company**. Doral Academy, the CMO for Doral Texas, will contract with a for-profit company, Academica, for most of the key operations provided to Doral Texas that are usually conducted by school staff. The services for Doral Texas will apparently be mainly provided by Academica Southwest, which is a for-profit organization solely governed by Academica, according to Texas Secretary of State documents. According to its website, Academica supports over 200 educational institutions, including charter schools, international digital learning communities, and Doral College, a private institution based in Doral, Florida, that “pursues the complete integration of a high school and college education.” Personnel with Academica connections are in key positions at Doral Texas: A Florida man, who is President of the private Doral College, will serve on the Texas Board. The Academica CFO will serve as the contracted CFO for Doral Texas; she was cited in a [2006 audit](http://mca.dadeschools.net/%5C/AC_Reports_0607/AC_1-30-07/MATER%20ACADEMY%20REPORT_REVISED11-2-06.pdf) for serving as both Academica CFO and treasurer of a charter school.

**Lack of transparency: The management contract is redacted.** Despite the complicated charter management arrangement**,** the entire 34-page CMO management services contract for Doral Texas was redacted from Doral’s charter application because the agreement was “copyrighted” by the attorney for the Doral Academy in Florida. As a result, the legal contract between Doral Texas and the CMO is not a public document available for review, and important details about the management services fee, roles and responsibilities, and legal relationships are not disclosed.

**The Doral Texas contract is based on North Carolina law**. A public information request was required in order to view the management services contract for a brief zoom. This review revealed that the Doral Texas contract is based on North Carolina (NC) law, NC SBOE rules, and NC curriculum.

**Audits and investigations cite related-party conflicts.** Academica has a history of related party transactions and conflicts of interest that have been cited in numerous audits and investigations and involve millions of public dollars.The Office of the Inspector General (OIG) within the U.S. Department of Education conducted an in-depth investigation of three of the charters run by Academica in Florida. The OIG found that Academica engaged in numerous inappropriate, related-party transactions with real estate companies that leased facilities and provided security services to the charter schools that Academica operated.

The Miami Herald conducted an investigation that found Academica served as both the landlord and the renter for Academica-operated charter schools. By serving on both sides of these financial transactions, Academica could charge higher rent that in some cases exceeded 20 percent of the schools’ revenue.

An audit by the Miami-Dade Public Schools also found related-party transactions involving Academica senior management, who were immediate family members and also served simultaneously as officers and directors of companies doing business with the charter school and ran one of the real estate transaction through a for-profit company owned by an offshore corporation. In another report from the auditor, “one lease agreement allowed the development company to terminate the Doral Academy lease early without requiring the landlord to repay the $4.5 million in charter school funds that were used to construct new facilities on the property.” Academica is still operated by the same family members who were in charge at the time these investigations were conducted, according to records at the Florida Secretary of State.

 **Audits reveal additional concerns.** A separate audit conducted by the Miami-Dade Public Schools raises concerns relevant to the Florida man who is on the Doral Texas board. The audit reported that Doral College had received $600,000 in state charter school funds for its dual enrollment program that provided high school students at Doral Academy schools “virtually worthless two-year degrees” because at the time, Doral College was not accredited. The Principal of a Doral Academy high school participating in the program has now become the President of Doral College and serves on the Doral Texas Board.

See link: <https://www.floridabulldog.org/2015/06/connections-conflicts-and-600k-in-deal-criticized-by-miami-dade-schools-auditor/>

**Concerns about high student to teacher ratios in Florida and extensive virtual instruction.**  Some Doral schools in Florida have very high student-to-teacher ratios. For example, Doral Miami Middle School has a ratio of 1:44 (1480 teachers to 34 teachers). Another Doral school in Miami has a ratio of 403 students to five teachers (1:80). These ratios, and the reference in the Doral Texas application to “student stations,” appear to indicate students may spend extensive learning time online with little contact or interaction with an actual teacher. This educational model in Florida raises questions about the instruction to be provided at the Doral Texas campus.

**A record of underserving student with special needs and English Learners.** Doral Academy campuses in Florida serve between 1.3 percent to 6.5 percent students with special needs, significantly below the current state average of 14.5 percent in Florida. Five of six Doral campuses in Florida serve fewer than 3 percent English Learners compared to the Florida state average of 10.1 percent.

Link to the Doral Texas application: <http://castro.tea.state.tx.us/charter_apps/content/downloads/Nocdn/25-9.pdf>